



**look  
forward to  
retirement!**

## 403b Program Summary

**Definition-** The Retirement Investors' Club (RIC) 403b plan is a voluntary retirement savings program offered by your employer. A 403b is designed to increase your personal savings for retirement and lower your current taxable income. The RIC 403b retirement plan will help fund your retirement along with your pension (IPERS) and social security benefits.

**Contributions-** Please Note: The total of all 2008 voluntary contributions made to this 403b plan and/or any other employer's eligible 403b plan must not exceed the IRS maximum limit of \$15,500 (\$20,500 for employees age 50 or older and \$23,500 for special 15-year catch-ups). There are two types of voluntary contributions.

- 1) The first type is a pre-tax salary reduction, which reduces your taxable income by a set dollar amount you designate. You do not pay income tax on the reduction until you take a distribution from the plan.
- 2) The second type is a post-tax deduction, also known as a Roth contribution. Each employer will decide whether the Roth account is available to its employees. You pay income tax on your salary before it is deferred, but you do not pay income tax on eligible distributions.

The annual calendar year combined maximum for both types of contribution is shown below.

Year	Regular Limit	15 Year Catch-Up Limit	50+ Catch-Up Limit	Maximum Total Limit
	100% of compensation* up to:	This catch-up applies if you have worked for your current employer for at least 15 years and you meet other eligibility criteria.	For participants age 50 or older, the regular limit is increased by \$5,000 (2008) and \$5,500 (2009) for a total of:	This limit is available if you are eligible for both the 50+ and the 15-Year Catch-Up limits.
2008	\$ 15,500	\$ 18,500	\$20,500	\$23,500
2009	\$ 16,500	\$ 19,500	\$22,000	\$25,000

\* Compensation is your gross salary minus your retirement (IPERS) deductions. The maximum amount you may contribute is reduced by deductions for FICA, insurances, flexible spending accounts, employee organizations, assignments, and other like items.

**Tax Advantages of Salary Reduction Election –** Your salary reduction contributions are invested on a pre-tax basis and your investment earnings grow tax-deferred. Nothing is taxable until you take money out of your account. Distributions are taxed as ordinary income on a 1099-R tax form.

**Tax Advantages of Roth Election –** Your Roth contributions are invested on a post-tax basis. At distribution, Roth contributions and earnings are not taxed if received based on a qualified distributable event from a Roth account held for at least 5 years. Distributions from Roth accounts will also be reported to the IRS on a 1099-R tax form.

**Investment Selection-** There are six active investment providers with many investment options ranging from conservative to aggressive. Please review RIC's Provider Summary for more information.

### Enrollment (Employer Determines)-

After you have confirmed with your employer when enrollment is open, call one of these providers to request enrollment information or an appointment. The provider you choose will supply you with all the paperwork necessary to begin contributions and start investing.

**AIG Retirement  
Hartford Life  
Horace Mann  
ING Financial Advisers  
Security Benefit  
TIAA-CREF**

**800-945-6763  
800-424-2825 ext. 47636  
800-999-1030  
800-555-1970  
800-747-5164 ext. 2403  
888-877-1446**

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**Distributions While Employed (In-Service)** – You may be eligible to receive a distribution while still employed if any of the following conditions apply. Distributions are taxable to you.

- ◆ **59 ½ Withdrawal** - If you are age 59 ½ or older, you are eligible to distribute part or all of your salary reduction or Roth account balances.
- ◆ **Hardship Withdrawal** – If your employer allows this type of distribution from your salary reduction account, you must provide proof of financial hardship in order to receive funds. You may only receive your salary reduction contributions. You are not eligible to receive earnings on your contributions, or any employer contributions or earnings. Strict federal guidelines determine whether or not your request will be approved.
- ◆ **Loans** – If your employer allows this type of distribution, you may be eligible to apply for a loan while employed. You may not borrow more than 50% of your account up to \$50,000, whichever is less. Five years is the maximum duration of a loan. Your employer's plan may allow for longer durations if you are using the loan for a primary home purchase and proof is provided. You must repay the amount you borrowed, plus interest, with post-tax dollars. Please ask your provider if you have questions regarding loan set-up, interest rates, maintenance fees, or repayment options upon separation from employment.
- ◆ **Reservist Withdrawal** – This type of withdrawal is available only to a reservist or national guardsman who was ordered or called to active duty for a period in excess of 179 days, or for an indefinite period, and is made during the period beginning on the date of the order or call to duty and ending at the close of the active duty period.

**Options at Termination** – Once you terminate employment, you may leave your funds invested, roll them to an eligible plan, or begin receiving distributions.

**How to Request a Distribution-** To request a distribution, you must request a *Distribution Authorization Form* from RIC's third party administrator, planwithease, at [www.planwithease.com](http://www.planwithease.com). After you have received approval for the distribution, you must submit the approval, along with your provider's forms, to your provider. You may contact them directly at the numbers listed below to request their required forms.

<b>AIG Retirement</b>	<b>800-945-6763</b>
<b>Hartford Life</b>	<b>800-424-2825 ext. 47636</b>
<b>Horace Mann</b>	<b>800-999-1030</b>
<b>ING Financial Advisers</b>	<b>800-555-1970 or 515-698-7973</b>
<b>Security Benefit</b>	<b>800-747-5164 ext. 2403</b>
<b>TIAA-CREF</b>	<b>888-877-1446</b>

**Provider Exchanges-** You may request to exchange your current account for one with another provider. If you have funds with an old provider, it is important to ask your old provider if you will incur surrender charges. If your exchange is subject to surrender charges, you may have the option to request a penalty-free transfer of your contract. The six active providers have no withdrawal fees or restrictions on transfers in their 2009 product.

**Additional Information-** For additional information, visit our website at [www.das.hre.iowa.gov/ric.html](http://www.das.hre.iowa.gov/ric.html). If you have questions, please call:

Jennifer Sandusky at 515-281-0569 or email: [jennifer.sandusky@iowa.gov](mailto:jennifer.sandusky@iowa.gov).

Robbie Stoecker at 515-242-6846 or email: [robbie.stoecker@iowa.gov](mailto:robbie.stoecker@iowa.gov).

John W Williams at 515-725-2135 or email: [john.williams5@iowa.gov](mailto:john.williams5@iowa.gov).